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World Production and Trade

United States
Department of
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Foreign
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Service

Washington, D.C. 20250

Weekly
Roundup

WR 31-85

July 31, 1985

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

GRAIN AND FEED

The USSR mid-year plan fulfillment report, published July 27 in Pravda, states that, according to preliminary data, 119.4 million hectares were seeded to all grains and pulses for harvest which has just begun. Regarding comparisons, no preliminary total grain area figures were released in 1984, but the final figure was 119.6 million hectares, which would indicate that the grain area this year will be the smallest since 1971, when it was 117.9 million hectares. The new plan fulfillment report states that the areas seeded to rye and millet increased over 1984, as did those for cotton and feed roots.

The EUROPEAN COMMUNITY (EC) has announced a special corn export program for 150,000 tons of French corn to Spain, Portugal, Switzerland, and Austria for shipment during August-October 1985. The export supplies will apparently come from an estimated surplus of 600,000 tons of corn in southwestern France. Initial reports indicate that nearly all of the corn will be exported to Spain. Although no export restitution has been announced, a subsidy will be necessary in order to bridge the gap between internal French and world corn prices.

The EC is not a large corn exporter to third country markets and it has exported little corn to either Spain or Portugal. Both countries have largely relied on U.S. corn imports to satisfy their feed grain deficits. With Spain and Portugal joining the EC in January 1986, an erosion of the U.S. market position may occur in both countries over the coming years.

BRAZIL and ARGENTINA have initialed a government-to-government agreement for the sale of nearly 1.4 million tons of Argentine wheat for August 1985 thru July 1986 shipment. The agreement is apparently part of a broader attempt to correct Argentina's many year trade deficit with Brazil. Although the deal could severely cut into U.S./Canadian wheat export prospects to Brazil during the next year, it may also limit Argentina's sales to its other traditional markets such as the USSR and Iran. Dry conditions have hindered planting and establishment of the Argentine wheat crop and the export forecast was reduced to 6.7 million tons in mid-July.

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POLAND'S 1985/86 grain crop is expected to be a record 24.6 million tons, slightly above last year's bumper crop, according to the U.S. agricultural counselor in Warsaw. Wheat production is estimated at a record 6.7 million tons, 12 percent above last year's harvest, while coarse grain is estimated at a near-record 17.8 million tons, 3 percent below last year's record level. Favorable weather in June and July and higher yielding seed varieties resulted in record to near-record yields for both winter and spring grains. Average wheat yield is estimated at a record 3.6 tons per hectare, 3 percent above last year, while average coarse grain yield is estimated at 2.8 tons, 6 percent below last year's record level.

OILSEEDS AND PRODUCTS

On July 17, JAPAN'S Ministry of Agriculture, Forestry and Fisheries (MAFF) announced peanut import quotas for large and small kernel peanuts for the first half of the 1985 Japanese fiscal year (April-September). The quantity of 31,100 tons is 600 tons below last year's level. However the total for the entire fiscal year (April-March) is expected to remain at last year's level of 55,000 tons.

The largest reduction in the import quota for the first half of JFY 1985 compared to the first half of last year is in the large kernel quota set at 11,200 tons, down 800 tons from this period last year. Small kernel import quota for the first half of the 1985 JFY increased 200 tons above the 19,700-ton level announced for the same period last year. According to MAFF officials the significant drop in the quota quantity for large kernel peanuts is due to the continuing surplus remaining from the 1984 domestic crop. U.S. peanut exports to Japan through May of the current marketing year that began in August 1984 were 24,547 shelled tons; up 23 percent from last year.

The BRAZILIAN government has begun the sale of the 2.0 million tons of soybeans it took in under the loan program this year, according to officials at the Ministry of Agriculture's Production Financing Company (CFP). This will be done by selling soybeans through tenders and by an exchange for soybean oil with local crushers.

DAIRY, LIVESTOCK AND POULTRY

The EUROPEAN COMMUNITY (EC) raised export subsidies for butter to \$1,252 per ton (up \$346) and for butter oil to \$1,718 per ton (up \$380) effective June 19 to encourage export sales of its expanding intervention (Government owned or controlled) butter stocks. The cost to exporters for intervention butter, after the export subsidy is applied, is about \$845 per ton for butter over 6 months old and \$1,050 per ton for new butter. Intervention stocks of butter reached 1,063,000 tons by June 27, an increase of 180,000 over the past 4 months.

Intense competition to sell butter on the world market and growing surplus stocks prompted the EC Commission to increase export subsidies. While this action is not expected to impact on U.S. trade in dairy products, most of which is food aid, it does continue to show EC determination to reduce its butter mountain through the use of export subsidies.

HUNGARIAN pork production is projected to fall 7 percent to 1.084 million tons during 1985 according to the U.S. agricultural counselor in Vienna. Production is down because of herd culling last year and protein meal shortages which have caused 1985 slaughter weights to decline. Production in 1986 is forecast to be the same as the 1985 level.

On July 25, the International Trade Commission (ITC) held a hearing to make final determination regarding injury to the U.S. industry from imports of CANADIAN live swine and pork products. The ITC found injury to a U.S. industry by reason of imports of Canadian live swine but no injury by reason of imports of Canadian pork products.

As a result, on July 31, the Custom Service will be instructed to collect a duty of Can \$0.04390/lb. on all live hogs imported from Canada effective April 3. All bonds that have been posted on port product imports will be refunded. In terms of U.S. trade with Canada, the decision means a decline in live hog imports by about 250,000 head and a small increase in pork product imports.

COTTON AND FIBERS

EGYPT will import 1,500 MT of Sudanese short staple cotton, according to Egyptian press reports. However, since this cotton was produced under a joint Egyptian/Sudanese venture, there will be no foreign exchange outlays by Egypt. To reduce the risk of Egyptian cotton contamination from insects, spinning and weaving of this cotton will occur in the Suez Governorate, a non-cotton producing region. (This is the same way fumigated U.S. cotton is handled). Cotton authorities say that this is part of a series of trial shipments that Egypt has agreed to accept.

The PHILIPPINE Cotton Corporation(PCC) is reluctant to endorse Chinese and Pakistani cotton import applications for fear that such imports would put downward pressure on prices for locally produced cotton. Applications are pending for approximately 8,000 bales offered by China and 2,500 bales by Pakistan. The Chinese cotton is being offered at 48 cents per pound C&F for 1 1/8" staple length whereas the Pakistani cotton is priced at 50 cents per pound.

In addition to the PCC, importers of foreign cotton have to obtain clearances from the Development Bank of the Philippines(DBP). According to reports, the DBP has been firm on its commitment not to allow further cotton imports by mills which have not satisfied 1984 contracts with U.S. suppliers.

FRUITS AND NUTS

According to the agricultural counselor in Beijing, CHINA's State Statistical Bureau recently released production data for the five major fruits cultivated throughout that country. Northern China accounts for approximately 80 percent of the country's fruit output. The Southern provinces--primarily Guangdong, Sichuan and Hunan--contribute about 17 percent to the total, mainly citrus. The remaining 3 percent is harvested from Xinjiang Province. Fruit production is expected to expand further over the next several years in line with China's current policy of encouraging agricultural diversification.

<u>China: Fruit Production</u>		
<u>(1,000 Metric Tons)</u>		
	<u>1983</u>	<u>1984</u> <u>1/</u>
Apples	2,881	2,941
Pears	2,070	2,100
Citrus <u>2/</u>	1,479	1,499
Bananas	165	300
Grapes	289	294

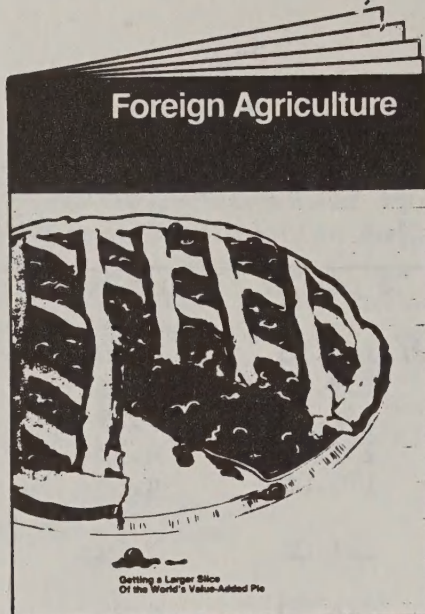
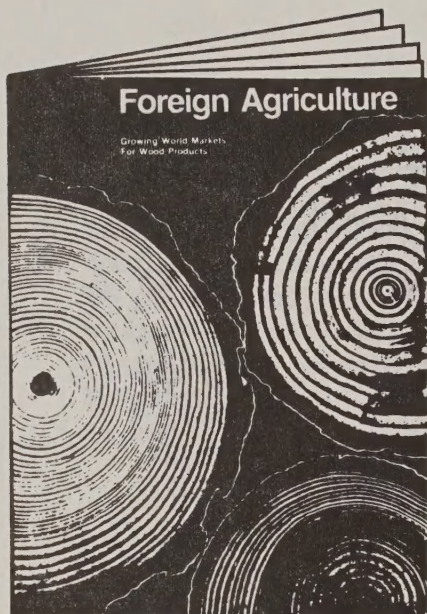
1/ Preliminary.

2/ Primarily oranges, tangerines/mandarins and lemons.

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Selected International Prices

Item	:	July 31, 1985	:	Change from	:	A year
	:		:	previous week	:	ago
<hr/>						
ROTTERDAM PRICES 1/		\$ per MT		\$ per bu.		\$ per MT
Wheat:						
Canadian No. 1 CWRS-13.5%.9/		163.50		4.40		-5.50
U.S. No. 2 DNS/NS: 14%....		153.00		4.16		- .50
U.S. No. 2 S.R.W.9/		132.50		3.59		-1.50
U.S. No. 3 H.A.D.....		159.00		4.33		8.00
Canadian No. 1 A: Durum...		170.00		4.63		-3.00
Feed grains:						
U.S. No. 3 Yellow Corn....		121.00		3.09		-5.50
Soybeans and meal:						
U.S. No. 2 Yellow.....9/		214.70		5.82		-8.70
Brazil 47/48% SoyaPellets 4/		151.00		--		-3.50
U.S. 44% Soybean Meal....		144.00		--		-4.00
U.S. FARM PRICES 3/						
Wheat.....		105.07		2.86		-1.84
Barley.....		59.25		1.29		-5.05
Corn.....		96.85		2.46		-5.12
Sorghum.....		93.85		4.24 2/		2.64
Broilers 7/.....		1070.00		--		+25.13
EC IMPORT LEVIES						
Wheat 5/.....		104.75		2.85		+ .65
Barley.....		102.90		2.24		+14.15
Corn.....		86.15		2.19		+5.50
Sorghum.....		104.95		2.67		+5.85
Broilers 4/ 6/ 8/.....		175.00		--		+3.00
EC INTERVENTION PRICES 7/						
Common wheat(feed quality)		142.15		3.87		+2.60
Bread wheat (min. quality)7/		152.15		4.16		+2.75
Barley and all						
other feed grains.....		142.15		--		-2.60
Broilers 4/ 6/.....		1169.00		--		+23
EC EXPORT RESTITUTIONS (subsidies)						
Wheat		25.00		.68		--
Barley.....		36.65		.80		+35
Broilers 4/ 6/ 8/.....		103.00		--		+2.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Twelve-city average, wholesale weighted average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/Reflects change in level set by EC. 9/ October delivery. N.A.=None authorized. N.Q.=Not quoted. Note: Basis August delivery.



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